

TESTIMONY ON HB 4156
House Oversight, Ethics and Reform Committee
February 8, 2011

Good afternoon, my name is Ellen Hoekstra with Capitol Services, here today to represent the Michigan Association of Public Employee Retirement Systems (MAPERS), which represents 121 local public pension plans in Michigan. MAPERS supports accountability for public retirement plans and access to information but does not support HB 4156, as it was introduced. MAPERS has several concerns with the bill:

- The **definition of “all expenditures”** made by the board of a system is not clear and taken literally could include not only every administrative expense but also pension checks to members as authorized by trustees of a pension board. The legislation also does not specify how detailed the reporting of all expenditures should be.
- The legislation imposes a **new cost to local pension plans** to compile the quarterly reporting requirements that are in addition to the summary annual reports which go to all plan participants and the audit requirements already mandated by PA 2 of 1968. If, for example, committee members were to look at the Comprehensive Annual Financial Reports prepared by pension plans, they would note that these reports already provide 20-30 pages of financial, investment and actuarial information regarding specific pension plans. Beth Bialy, leader of the Governmental Audit Practice of Plante and Moran, has confirmed that the proposed requirements embodied in HB 4156 would be a new cost to local pension systems.
- The bill **identifies pension plans in five political subdivisions: the City of Detroit and the counties of Wayne, Oakland, Macomb and Kent**. MAPERS questions why these particular plans are singled out rather than others, including those operated by the state of Michigan or by MERS, let alone why expenditures of pension plan trustees and not members of boards or commissions for other kinds of local governmental entities—not that we are proposing that these expansions occur.

If the main purpose of the bill is to assure access to detailed information regarding trustees’ travel, MAPERS would submit that there is a much simpler way to accomplish that goal, which would be to require a six year record retention requirement of all pension plans. In this manner, the public’s ability to review trustees’ travel record would be maintained but additional costs would not be imposed on local pension plans. Additionally, local pension plans always have the option of supplementing state law by policies that are appropriate to their communities’ needs.

I would be pleased to answer any questions that I can and thank you for your attention.